G. R. S. IX-5]

Previous references.

File No. 12 / 1901

191

(Banking.)

Serial Nos. 1–6

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for May 1902

SUBJECT.

Report on the working of the Agricultural Bank at Chiekamagalur

---

Indexed

W D 83—GPB—50,000—24-7-16

Letter No 602 D/21-2-02 from the Dy Comm Kasai Dt R No 3326

Report of Inspection of Bukumagalu Bank.

Section Banking
File No 12 1907
Serial No 150

The Inspection was made by the Dy Commr and the report is full and to the point. Being the first report of the kind it is worth noting that the questions proposed are very searching and help me to get a thoroughly adequate idea of the bank's affairs. ~~I had learned that there was some fear that they may be found too elaborate~~

As might have been expected, the bank is merely an agency to advance for money and collect the debts again. There is really no other banking business done.

V

The affairs however are regularly conducted, and the books & documents well kept by the members. The Security is valued at 7 lakhs & odd for loans amounting to about 3 lakhs. Though it was enough for the amount at the start, the value seems to have deteriorated without any fault of the members.

Whether it was right or wrong to have advanced such large sums I think that Govt is now bound to treat the matter with indulgence and it is quite possible that eventually the bulk of the ad-

vances may be
recovered.

Perhaps pressure
may be put on the
members with ad-
vantage in the
manner suggested
by the Dy C=. (answer
to query 9)

If necessary, the
report may be sent
demi-officially to the
Inspector of Agl Banks
for remarks.

30/3/1902

Submitted 31/3/07
to the 2nd Councillor
31/3/02

Rect. 31-3-02.

Thanks. Please write to the
Ramnadamiengar demi
officially & let me have
his demi official opinion

4

as early as possible —
Bad reasons seem
chiefly accumulate
for the present unsatis-
factory state of affairs
but I am not sure /
that the members of
the Board do not take
undue advantage
of them — You are certainly
willing to show the
Bank every possible
indulgence in return
of course for
your dealings on its
part towards
the Govt —

C

1/4/02

Hy

1/4

1/4/02

1/4

Confidential

The D.A. copy received
from the Insp. of Aff: Bank.
is put up in a sealed
cover —

Secretary
Finance

30/4/02

30/4.

Submitted to the 2nd Councillor ~~but~~.

The Inspector's remarks seem to indicate the proper Course to be adopted.

As asked for by the Members ~~some time~~ now ~~before~~, I think you would not be Committing a Mistake, of permission to severe them to raise working expenses from loans on the hypothecation of Coffee crop.

2 1/5/1902

M. 1/5/02

Recd. 1-5-02.

6

Order

The request from the whole municipal
-ity Road ker
-kaun allow Mun
accountable for
this Govt are not
willing to treat
this bank like
every Nationle com
-mercial Bank
a return of Loan
-able Deposit as
on 30.9.96 - 7 R7
117-95- dated 20.1
May 101 and as
waived / waiver the
Board Meeting held
on 11 Jan the pay
ment of the
Instalments does
not immediately
commence - the
Upon more may be
allowed by the
Bank Further
to make arrang-
-ments for the
Payment of the
Instalment.

In case of default
Grant would be driven
to the necessity of
adopting coercive
measures for the
recovery of this
money. He hoped
that the members will
realise the gravity
of the situation
and do their very
best to save
the [illegible] from
a collapse

2 As regards wireless
however, no excuse
of any kind can
be accepted. The
whole of the arrears
due on this account
should be paid
up in full before
the end of June/or.
The Govt cannot
interfere with the
members of the
Board the risk
they run of being
the whole of the
advance being recalled
should in case
they fail to meet
this very reasonable

8.

demand - At least
of certain letters
and the result
thereof should be
kept in the first
instance by the
Secretary pending an
order from the Board
as to the disposal
of the documents
- Request granted
the Board."

22/5/02

27 of 710 dated 5/2/02

1902

Section Political
File No 19-011
Serial No 1
To

From A. H. Sparkes Esquire
Deputy Commissioner
Madura District

To H. V. Nanjundayya Esq/ M.A. and L
Secretary to Govt of Sompore
General and Revenue Depts

Dated 21st
Despatched 22nd February
Received
General No. 602
No.
Enclosure No. 1 to 5

With reference to G.O. No R 2558-86 dated 10th December 1901, I have the honor to submit for the information of Government the accompanying report on inspection of the Chikmagalur Agricultural Bank dated the 19th February 1902

A H Sparkes
Deputy commr
Madura Dist

Submitted
for orders
18/3/02

20/3/02

The failure on the part of this bank to pay up regularly the Govt Dues has engaged the attention of the Council & the papers are before the Dewan

20/3/02

Chikmagalur Agricultural Bank

Form A

Report on inspection of the Agricultural Bank at Chikmagalur in the Chikmagalur Taluk.

1. Date of present Inspection.

From 7th to 19th February 1902

2. Whether there is a duly registered suitable ..... office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.

2 There is a duly registered suitable bank office where members and depositors can conveniently call and have their business attended to, and it is located in the upstairs of President Mr Venkatta Gowda's shop building, municipal no 34 in the main street of Chikmagalur Town since 1st August 1900. The registry was done by the Registrar of joint Stock Companies in Mysore, vide Registrar's certificate no 230 dated the 26th September 1900 filed in the bank office. This is the first inspection of the kind since Government, in their order no 1129-50 A.J. 117-95 dated 2nd August 1900, authorized the Deputy Commissioner to exercise the powers

of enquiry, inspection and
supervision in regard to
this Bank Prior to the re-
moval of the office on 1st
August 1900 to the present
building, it was held in
the Chikmagalur Club pre-
mises, municipal no 216.0, ever
since its formation on the 12th
May 1897. This change is
explained to be due to the
fact that the Club members
wanted that portion of the
building for their own use.

3. A board is put up
in the Bank office giving the
days and hours fixed for
transaction of business
as follows: —

On all days from 12 noon
to 2 P.M., except during holidays
The Bank cash register no III
shows that business is regu-
larly transacted & that members
and depositors called on
10 days in a month, or for
57 months 570 days in all,
since its formation up to
date of inspection.

3. 4. Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours; if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

4. Whether the bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the bank premises in the custody of the President and Agent; and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility

4. The Bank's registers accounts, cash balance and other property, such as furniture, etc, are kept in the bank premises in the custody of the President, and in his absence the Agent; but all title deeds and documents are secured in a tin box and kept in the District Treasury under the authority conveyed by Government in para 9 of their order No 6916-19 of the (R.D. 117-95) 1st of February 1897, the key of the box being kept with the President, in view to his sending for the same for reference when necessary. Lists of all documents secured by the Bank have been sent to Government with this office letter No 434 dated 25th January 1901.

5. Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; at what distance do the majority of members, the directors and office-bearers reside; and if business was extended to any new village whether there was proper sanction for it.

5. The villages to which all the members belong are sufficiently near (within and a few beyond the radius of 5 miles) to the Bank-house

and duly registered, the only 3 members who reside beyond 5 miles radius are

(1) M. Ganesh Rao, at Belur, Mudgere Taluk

(2) Raja Rao, at Shimoga, and

(3) Anaji Ramachendra Rao at Kothwalli Sankere Taluk.

The majority of members including the directors and other office bearers reside at Chikmagalur, where the Bank is. There is no record to show that business has been extended to any new village.

6. Register No I (nominal roll of members) shews the total strength at formation of the Bank on 12th May 1897 to be 26 as noted below:—

1 Mr Veerathe Gowda
2 " Puttavane Gowda
3 " Gundappa
4 " Shek Ali Saheb
5 " Jaganatha Rao
6 " Abdulkhader Saheb
7 " Chennabasava Shetti
8 " Nirvanappa Gowda
9 " Puppanna Shetti
10 " Timme Gowda
11 " Chandre Gowda

6. As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the bank or last inspection; what was the decrease, if any, due to; were the new members duly qualified, duly elected, and registered; in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; whether in the practical working, the bank has gained or lost in strength, energy and usefulness since formation or last inspection.

6

12 Mr. M. Ganesh Rao
13 " Vasudeva Rao
14 " Shama Rao
15 " Gaumanta Rao
16 " Rangamma
17 " Raghavendrappa
18 " Srinivasa Rao
19 " Batni Venkat Rao
20 " Linge Gowda
21 " Nanje Gowda
22 " Raja Rao
23 " Sivaji Ramachandra Rao
24 " Batni Ranga Rao
25 " Sitamma, and
26 " Bhima Rao

No 8 having since died and been replaced by the son Viranna Gowda, a duly elected member, registered on 29-3-99, Nos 10, 19 and 24 since resigned, the resignation tendered in writing to the Board of Direct-ors or by 3 members, viz:

(1) Lingpe Gowda — No 10
(2) Batni Venkat Rao " 19 and
(3) Batni Ranga Rao " 24

to sever their connection with the Bank, was accepted on 20 May 1897 in a general assemb-ly meeting of the Bank — When there remained 23 members, of whom 4 repre-sented the same estate as

4 others, their brothers & cousins. They are

(1) Venkatte Gowda for his brother Kalige Gowda;

(2) Puttanna Setti for his brothers Puttbasappa Setti and Chennabasappa setti;

(3) Vasudeva Rao, for his cousins Narasinna Rao and Vyasa Rao and

(4) Shama Rao, for his brothers Rama Rao and Bhima Rao

Rahu Ranga Rao, who applied to the Bank on 27th April 1899 to become a member again, has been duly elected and registered as per resolution dated 8th may 1899 of the general assembly. After the death of Nemanappa Gowda member no 8, on 12th march 1899, his legal heir and son by name Viranna Gowda, who offered no writing to take his late father's place with all his liabilities and obligations, has been duly elected and registered as a member as per resolution dated 29th march 1899 of the general assembly. Necessary documents have also been obtained from Viranna

Gowda.

8

8. As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained: if not, how is the omission explained; to what extent have fluctuations in the number of members affected the united credit of the bank. Any notable instances of new acquisition or improvement since formation of the bank or last inspection; any notable instances of sale or other kind of transfer, relinquishment or deterioration; how these have affected the solvency and resources of the members concerned and of the Association as a whole; what guarantee, if any, has the bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the bank at date of inspection.

Gowda and secured along with other documents of the Bank.

So there are now 24 members in all on the date of inspection. In case of members belonging to a joint Hindu family, general powers of attorney have been legally vested by the interested persons in the following members, viz:-

(1) Veerathe Gowda — no 1
(2) Puttamma Setti " 9
(3) Virendra Rao " 13 & 14.
(4) Shanna Rao " 14.

From the stagnant state of the Bank and its inability to carry out its conditions, it may be said to have lost in strength, energy and usefulness since its formation.

7 A complete and accurate list (Register no VII) of all the lands mortgaged to the Bank by its members is maintained in the Bank office. The fluctuation in the number of members has not affected the united credit of the Bank as the

resignees tendered their resignation, prior to their carrying any transaction with the Bank. In the following instances some improvements, it is said, have been made to some extent by the members noted below, viz

(1) Kurathe Gowda, no 1, in replanting year by year some parts of his Narakanhalli coffee estate affected by borers;

(2) Channabasappa Setti, no 7, in replanting year by year a portion, about 10 acres, of his Anavinagappe Estate with coffee and fencing it all round;

(3) Vasudeva Rao, no 13, in clearing a portion of land in the Nanakanduddi Estate in 1900 and 1901 and planting the same partly with coffee and partly with tea and

(4) Srinivasa Rao no 18, bringing last year under actual cultivation 6 acres of dry and 4 acres of wet lands which were lying waste in the Allanpur village, Chikmagalur Taluk.

From

W

From my personal inspection I am very doubtful of the alleged improvements of nos 1 and 3 and which I look upon as a waste of money.

Notable instances of sale are, viz

(1) Coffee jungle, S. no 83, measuring 14 acres in the Gonakal village, Chikmagalur Taluk, was, with the consent of the general assembly which met on the 14th April 1901, sold by the Khatedar Ganesh Rao, (member no 12) to one Allanji Mahamed Saiff for a sum of Rs 1120/-, the full amount being paid to the Bank on 19th June 1901 and credited on 20 - June 1901 in the District Treasury in part liquidation of his loan of Rs 8880/- due up to that date and

(2) Half share in S. nos 41 and 16 measuring 18 acres and 12 guntas and 23 acres respectively, of Pandravalli village

on the Chikmagalur Taluk, which have been mortgaged to the Bank by Khatedar Chendre Gowda (number not) were sold on 24th December 1899 to one Lankene Nagan-na for Rs 5000/- on condi-tion the purchaser pays the amount direct to the Bank in 5 instalments of Rs 1000/- at the end of March in every year, com-mencing from March 1901. Purchaser Naganna has accordingly paid to the Bank on 3rd June 1901 the first instalment of Rs 1000/- which sum has been credited into the District Treasury on the same date.

The fact of Chendre Gowda having failed to obtain the consent of the general assembly for the above transaction came to the Bank's notice on 6th February 1900 and then a meeting was held on the 9th March 1900

to

to discover the matter, when Chendre Gowda tendered his apology for his omission to secure the Bank's permission. The Bank condoned him upon terms which it considered to be sufficient for the protection of its interests. Chendre Gowda, who was up to 9th March 1900 found to be indebted to the Bank for a total sum of Rs 22638-11-9, represented that he would pay up Rs 7638-11-9 leaving a balance of Rs 15000/- to be eventually adjusted by him and accordingly paid up as detailed below:-

on	11-4-1900	Rs 4000--
"	26-4-1900	2000--
"	3-5-1900	638-11-9
"	3-6-1901	1000--
		Total 7638-11-9

credited into the various accounts. The total amount now due by him to the Bank up to date of inspection is Rs 14150+ interest Rs 481-1-3, in all Rs 14631-1-3.

The lands conveyed to the above named Nagamma have been remortgaged by Nagamma to Chendrigowda till the sale amount of Rs 5000/- is fully paid to the Bank, and this deed of mortgage has been secured by the Bank and with other bonds kept in the District Treasury.

A copy of the Bank's Proceedings of the 9th March 1900 giving particulars of the above transaction appears to have been sent to the Inspector of Agricultural Banks in Mysore. There are no instances of any other kind of transfer or relinquishment. Deterioration is said to be due to the depression of coffee industry.

The only provision in the documents executed to the Bank by its members to guard against alien-

tion

transfer and relinquishments prejudicial to the Bank's interests in that the property mortgaged to the Bank should not be disposed of in any way without the consent of the general assembly.

The net amount of the value of property, as per latest authenticated list prepared and submitted to Government with this office letter no 510 of the 15th April 1899 as compared with the amount of liabilities of the Bank at date of inspection, stand as noted below, viz:-

		Estimated value.	Rs 7,11,000-0-0 as quoted.	Rs 29,71,718-7-6
(1) coffee lands	2566-37			
(2) dry "	881--			
(3) Wet "	492-6			
(4) Adapani garden	41-9			
	3981-14			

The opinion expressed in para 3 of this office letter no 434 dated 25th January 1901, addressed to Government is quoted below:-

As regards the value of the property hypothecated to Government, there can be no doubt that it has deteriorated very largely, and it is extremely doubtful whether, if it was sold out now, it would fetch a lakh of rupees as no buyers could be found. The two hypothecated estates I have seen appear to me to have deteriorated very considerably since last I was in the District, and from general appearances I could not honestly say that the money borrowed from Government have been expended upon the estates

8. The Government in Proceedings No 616–19 / No. 117–95 dated 1st February 1897 limited the loan originally to 3 lakhs of rupees, the grant to members of the Bank being regulated as follows.

	Up to Rs
I on security of immovable property	25000
II on joint promote	3000

9. As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; whether the bank had in its dealings unauthorizedly exceeded the limit and if so how is this explained or proposed to be rectified. Classify the Bank's funds at date of inspection with reference to the sources from which they were derived viz:—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in Cash and (2) in grain, deposits from outsiders, Debentures etc. Note whether the bank's credit is well established and sustained, or steadily growing: if otherwise to what extent such result is due to any action or omission of the bank's authorities and what other causes are likely to have contributed to it; whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

III

16

III on joint instalment
bonds ——————— 1500/- and

IV on mubadala on
hand loans —— 500/-

and subsequently increased
it to 4 lakhs, Vide Proceedings
No 912-15 / R.F. 117-95 of the 30th July 1898
at the same time enhancing
the I class loan from Rs
2500 to 4000/- subject to
the condition that such
loan should not in any
case exceed 1/3rd of the value
of property hypothecated.

The extra grant of 1½ lakh
of rupees referred to in
the above order, has since
been withdrawn in G.O. No
1129-30 / R.F. 117-95 of the 2nd August 1900.

There are no instances
to show that the Bank has
in its dealings unauthorizedly
exceeded the limits.

The Bank's funds
at date of inspection with
reference to the sources
from which they were

derived are as classified below, viz

	Rs a p
1 Entrance fee	12-8-.
2 Contributions	--
(3) Loan from Govt	300000--
(4) Loans from others	--.
5 Deposits from members	
(1) in cash	--.
(2) in grain	--.
(6) Deposits from outsiders	6--.
(1) Venkatarayappa No 5	
(2) Narasinga Rao 1	
(7) Debentures	--.
(8) Fines	63-6-15-7

The Bank's credit does not appear to have been well established. This is attributed to the want of confidence of the general public. The Bank accounts show that no transactions other than the loans granted by Government have been carried out. No separate memo is kept of moneys received for working &c by hypothecating crops and allowed by Government in Proceedings

18

No 1129-30
R.T. 117-95 dated 2nd August 1900. This Institute should now be carried out.

The lessons of co-operation, mutual help and thrift appear to have been understood by the bank members but it has resulted in no good effect

9 The terms for repayment of the banks loan in para 46 of the memorandum and the Articles of Association are to the effect that a loan of class I on the security of the immovable property shall ordinarily be repayable in less than 5 years and in special cases in any period not exceeding 10 years by equal annual instalments with interest the borrowers annual margin of profits.

In the documents executed in favor of the

10. As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; the amount outstanding against the bank at date of inspection; whether the loan may be continued subject to the terms allowed for repayment or whether in your opinion it is advisable to withdraw the loan under the provisions of sections 74 & 75 of the articles of association; and state reasons for such opinion briefly and concisely.

Bank for loans amounting to Rs 2,52,050/- in all granted by the following members, viz.

		For Rs	on
910 2	Gundappa	10600	10-5-97
3	Sheik Ali Saheb	24000	—do—
4	Jagannāta Rao	8800	11-5-97
5	Abdul Khader Saheb	11400	16-5-97
6	Channabasappa Setti	3000	12-5-97
7	Veranna Gowda	7450	29-7-99
8	Cuppanna Setti	25000	26-7-97
9	Chandre Gowda	21000	9-5-97
10	Ganesh Rao	7000	15-5-97
11	Vasudeva Rao	25000	12-5-97
12	Rama Rao	25000	9-5-97
13	Hanumanta Rao	2900	7-5-97
14	K. Rangappa	2850	12-5-97
15	Raghavendrappa	24000	8-5-97
16	Srinivasa Rao	25000	—do—
17	Raja Rao	4500	13-5-97
18	Sivaji Ramachandra	1500	26-5-97
19	Sitaramiah	2000	12-5-97
20	Ranga Rao	2000	6-6-99

It has been specified that the amount of principal received by each member is to be repaid in 5 years in a lump sum or equal instalments. The term of 5 years will expire by May 1902. There has been delay for repayment of loans. This delay is explained to

to be due to unfavorable seasons and low prices for coffee ever since the Bank was organized.

In the bond executed on 10th May 1897 for a loan of Rs 20000/- by member No 1 Veerathegowda, it is stated that the amount should be repaid in 3 years either in a lump sum or in equal instalments. The term of 3 years expired in May 1900. The Bank at its meeting convened on 7th November 1900, resolved to extend the period from 3 to 7 years. A copy of this resolution has also been sent to Government.

Part payments towards the liquidation of loans have been made only by 2 members

	Rs a p
(1) Chandregowda	7218-14-9
(2) Ganesh Rao	1120-0-0
Total	8338-14-9

The amount outstanding against the Bank at date of

inspection as given below viz:-

(1) Principal — Rs 297718-9-6

(2) Interest due upto the end of December/01 14836-5-1

Total 312554-14-7

The above outstanding amount is detailed hereunder:—

No	Name of defaulting member	Amount of principal due upto date of inspection	Amount of interest due upto 31st December 1901	Total
1	Veerathegowda	26450 - -	734 14 6	27184 14 6
2	Gundappa	11000 - -	302 8 -	11302 8 -
3	Sheik Ali Sahebe	27550 - -	706 4 -	28256 4 -
4	Jagannata Rao	9165 - -	504 1 -	9669 1 -
5	Abdul Khader Sahebe	13690 - -	755 5 9	14445 5 9
6	Chennabasappa Setti	3380 - -	92 15 2	3472 15 2
7	Viranna Gowda	6742 - -	370 5 10	7112 5 10
8	Puppanna Setti	28150 - -	1570 15 2	29720 15 2
9	Chandre Gowda	14150 - -	481 1 3	14631 1 3
10	Ganesh Rao	7819 9 6	698 13 -	8518 6 6
11	Vasudeva Rao	35313 - -	1946 - 9	37259 - 9
12	Shama Rao	31934 - -	1782 6 1	33716 6 1
13	Hanumanta Rao	3095 - -	93 1 9	3188 1 9
14	Rangamma	3290 - -	180 15 2	3470 15 2
15	Raghavendrappa	31216 - -	1770 3 7	32986 3 7
16	Srinivasa Rao	33234 - -	1867 8 11	35101 8 11
17	Raje Rao	4765 - -	530 14 5	5295 14 5
18	Sivaji Ramachandra Rao	2180 - -	119 14 4	2299 14 4
19	Sitaramiah	2445 - -	200 10 2	2645 10 2
20	Ranga Rao	1950 - -	53 10 -	2003 10 -
21	Bhima Rao	250 - -	23 12 3	273 12 3
	Total	297,718 9 6	14836 5 1	312,554 14 7

The Government, in their order No 912-15/G.T. 117-95 dated 30th July 1898, refer to an assurance made by Member No 15, Mr C. Veeriswara Rao that it was possible to repay the advance in a period of 7 years, and direct that the Bank should arrange for making proportionate repayments year by year. The Bank had, however, left it to the choice of the members to repay their loans by instalments or at the end of the term allowed to them.

The Government, in their order No 9326-7/G.T. 117-95 dated 20th May 1901, further direct that the repayment which the Bank undertakes to make in 10 annual instalments should commence immediately after the return of favorable seasons and should not be deferred for

any longer period than
may in the Deputy Com-
missioner's opinion be
absolutely necessary. As
to whether the loan may be
continued subject to the
terms allowed for repay-
ment or whether it is de-
sirable to withdraw the same
under Sections 74 and 75
of the Articles of Associa-
tion, the opinions given in
this office letter nos 434 and
167 dated 25th January and
3rd September 1901 respectively,
addressed to the Secretary
to the Government of Mysore,
General and Revenue depart-
ments, are briefly stated
below: —

(1) Para 2 "As regards the
"actual state of the Bank-
"ing beyond the name no such
"institution exists as the
"members have ignored all
"conditions and ideas of
"banking, and have merely
"treated this as a means

where

24

"where they could obtain
"money from Government
"at a very cheap interest
"and rely upon the future
"leniency of Government
"not to recall the amount."

(2) "the persistent manner
"in which the Agent and
"members made submitting
"any kind of programme
"for future payment, and
"would beg to suggest that,
"as it appears to be extreme
"ly unlikely that they will
"return any money to Govt
"or make any effort unless
"forced to do so, any former
"suggestions of selling up
"the net lands mortgaged
"to the Bank be commenced
"at an early date."

11. As regards loans and deposits from others note the terms allowed, generally in regard to rate of interest and time for repayment; whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way in excess of the bank's requirements or of what local conditions of credit, prudential considerations and the progress and well being of the Bank justified; whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually completely and satisfactorily.

10 No loans have been received in the Bank from others. The deposits received and repaid are detailed below:-

	Name	Date on which received	Amount	Amount repaid	Date	Balance due	
	Eraviraja Rao	1-9-99	15/-	14/-	8-11-1900		
		17-12-1900	50/-	20/-	18-1-1901		
				10/-	8-6-01		
				20/-	12-6-01		
			65	64		Re 1/-	
2.	Vasudeva Rao	20-9-99	800	775	3-10-99		
				25	2-11-99	-	
3.	Venkatrayappa	21-1-1900	85	80	3-4-1902	5/-	
4.	Srinivasa	3-3-1900	20	19	20-4-00		
				1	20-9-01	-	
			20	20		-	
		Total	970	964		6	

The rate of interest allowed by the general assembly for such deposits is 4% per annum. No time is fixed for repayment.

There are no stances to show whether the obligations incurred were in any way in excess of the Bank's requirements.

The Bank authorities appear to be alive to the importance of placing themselves in a position to discharge the obligations incurred completely and satisfactorily though there is no absolute punctuality till now.

11 Having compared the Bank's cash book with the ledgers, receipts, chalans, cheques, Treasury pass book, contingent and establishment registers and documents, it was found to have been posted up from actual transactions as they occurred and in order of their occurrence

12. As regards the Bank's transactions—Compare the Cash Book with ledgers. Receipts, chalans, Cheques, Treasury Pass Book, Contingent and establishment registers, documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and note here such as are considered to be grave In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory note briefly your objections

2 b

accurate, and entries made so clear as to be easily traceable through the other accounts

discrepancies and omissions found in calculating totals &c on the dates as per margin from August 1900, due to mere oversight, have been rectified and corrections initialled by the President & Agent. There were no grave omissions such as are fit to be noticed.

	corrected	in lieu of
13-9-00	250-2-.	250-1-.
15-11-00	16-15-4	17-15-4
23-6-01	168-—-.	232-—-.
31-8-01	3-4-.	—12-6
11-10-01	140-10-2	140-9-4
27-12-01	150-3-—.	150-2-.

See if disbursements were duly authorised and are supported by proper vouchers.

All disbursements were found to have been duly authorized and supported by proper vouchers.

Were the charges incurred under Establishment and contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

The real and necessary charges shown to have been incurred under "Establishment and Contingencies in every month are as shown below: viz:-

For Establishment

Clerk on Rs	17
Peon	8
Total	25

For Contingencies

(1) Paper & other writing materials	1
(2) Bank's office rent	4
Total	5
Grand Total	30

The rule about members rendering gratuitous service appears to have been respected as shewn below by

(1) The President and the Agent in transacting the Bank's business on behalf of and under the instructions of the Board of Directors and in inspecting the estates mortgaged to the Bank;

(2) Seven directors consisting of the President and the Agent and of not less than 5 and not more than 7 members chosen every half year by the general assembly in managing the affairs of the Bank and in regulating their meetings as they think fit for the transaction of business and

(3) Three auditors chosen among the members from time to time in auditing the accounts of the Bank and in making a report to the General Assembly upon the balance sheet and accounts.

The

Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the bank's chest. Are instances frequent of the transgression of the limit fixed in the articles of association for cash balance in the hands of the Board of Directors, and how are they explained? Are large sums kept in hand for any length of time without being utilized? Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President for surreptitious use by himself or other members of the Board.

98

The last entry in the cash book is dated 16th February 1902, and the cash balance on that date according to the cash book and as forthcoming in the Bank's chest is Rs 61-14-6.

There are no instances of any transgression of the limit of Rs 1000/- fixed in the Articles of Association for cash balance in the hands of the Board of Directors.

There are no instances of large sums kept in hand for any length of time without being utilized.

The facility afforded for keeping current account with the Treasury has been utilized for minimising the cash balances.

There has been no complaint or that needlessly large balances are retained by the Agent or President.

The general results of the Bank's cash transactions up to date of inspection are shown in the form given below, and the cash balance sheet for the half year ending the 30th June 1901 last submitted by the Bank on the 9th August 1901 was found correct in all particulars.

Note the general results of the bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the bank is correct in all particulars.

RECEIPTS.	RS. A. P.	EXPENDITURE.	RS. A. P.
From Treasury	4,11,649--	To Treasury ~~loan Current~~ acct.	1,13,502--
		~~principal repaid~~ ...	
„ Depositors	270--	Depositors ~~principal repaid~~	964--
Entrance fee	12-8--	„ Members, loan.	439525-9-6
Interest and penalty	54,847-2-8 636-15-7 55,484-2-3	„ Govt. on acct. of interest	39087-3-11
Loans repaid by members to current acct	1,41,807--	Depositors „	3-9-4
Other items.	1,135-8-7	„ Printing charges	135-15--
		„ Establishment.	1331-1--
		„ Contingencies..	95-15-1
		Bank office rent &c	1400-9-5
		„ ~~Other charges.~~ Bank Rec ~~Total~~	
Total.	6,11,058-2-10	pense fund	14445-4-5
		~~Refund of ex-~~ cess interest to members	6-4-8
		~~Paid for furni-~~ ture	198-12--
		cash in hand	61-14-6
		Total	6,11,058-2-10

I class 401300-9-6
II - 29300--
III - --
IV - 8925--
Total 439525-9-6

12 The General Assembly has prescribed in its proceedings of the 13th March 1897 the limit of 1/3rd value of the landed property held by members for loan or offered as security by them. But, in the case of

16. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in section 42 of the articles of association, the General assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favour particular individuals, and had such instaces produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the Darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

3 members, viz:-

(1) Jagannath Rao (above 50%)

(2) Raje Rao — (do —)

(3) Abdulkhader Sahib (a little above 1/3rd).

the above limit has not been made applicable on the ground that loans granted to them were to liquidate their old debts due on the lands mortgaged to the Bank. There are no other instances of loans granted to any in contravention of the rules, and also other than members in need or any deserving applicants having been denied with a view to favour particular individuals. In the day-Khast register no II objects for which loans were intended have been sufficiently explained. The reports of inspection made by members from time to time and filed

in the Bank show that the application and use made of loans by members has been generally watched by the Directors and members elected by the general assembly. There have been no instances of mon-application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

The sums obtained and used for the several purposes indicated, are noted in the form given below: -

Note the sums obtained and used for the several purposes indicated in the appended form.

Amount obtained.				Amount spent.			
	Rs.	A.	P.		Rs.	A.	P.
1 to discharge encumbrances.	23742	-	-	1 For discharging encumbrances	23742	-	.
2 to " other debts.	166327	-	-	2 to discharge other debts ...	166327	-	.
3 for agricultural purposes.	249356	9	6	3 For Agricultural purposes...			
(a) mouth coffee planting				(a) mouth coffee planting	249356	9	6
(b)				(b)			
(c)				(c)			
(d)				(d)			
				4 For other purposes.			
				(a)			
				(b)			
				(c)			
				(d)			
Total	439425	9	6	Total	439425	9	6

13 The mortgage deeds obtained as securities in favor of the Bank are it is said in the form approved by Mr Chengiah Chetty, the then Inspect-

or

14 As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered; if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title deeds; in case of exceptions, when the mortgages are likely to be discharged and their amount; the proportion the loans of first class bear to the amount of property mortgaged; notable cases of undue preference if any with explanation: whether good and sufficient personal security was obtained in the case of the second and third class loans; whether in the case of simple debts repaid, documents discharged, receipts &c. obtained had been produced, and in case of notable exceptions when they are expected to be produced.

of Agricultural Banks in Mysore, executed by proper persons and duly registered. Prior mortgages in respect of property now hypothecated to the Bank have been fully discharged and the mortgage deeds, so discharged, produced in Bank together with title deeds. There are no instances of any exception. The proportion the loans of I class bear to the amount of property mortgaged is 2·46.

Undue preference for reasons stated in Para 12 of this report is shown to 3 members, viz

(1) Jagannat Rao
(2) Raja Rao
(3) AbdulKhader Saheb

Sufficient personal security has been obtained in the case of the 2nd and 3rd class loans while in the case of simple debts repaid, documents discharged, receipts &c obtained have been produced

on the Bank.

In the subjoined form particulars are noted

Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

1st class.	2nd class.	3rd class.	4th class.	Total.	Value of property under mortgage to Bank.

	Rs	a	p
1. Loans of I class (40000) outstanding at date of inspection exclusive of repayments	28764	3	6
2 — do II do (3000) — do — do	8500	-	
3 — do III — do (1500) — do — do	-		
4 — do IV — do (500) — do — do	1575	-	
Total	297718	9	
Value of property under mortgage to Bank	711000	-	

14 Though the rule requiring strict punctuality in the payment of dues by members is borne in mind they do not seem to have enforced it.

The defaulters number

(1) among office bearers — 9
(2) among members — 12
Total 21

leaving the other 3 members, viz

(1) Linge Gowda
(2) Nanje Gowda and
(3) Puttavane Gowda

who had no transactions in the Bank since its formation, 12th may 1897, up to date of inspection. The amount of I class loan instalments overdue

15 As regards punctuality, completeness or otherwise in the payment of dues by members—note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; how many are defaulters (1) among office-bearers and (2) among other members; the amount of instalments overdue remaining unrecovered at date of inspection, the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; causes of unduly large arrears and large number of defaulters; whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; whether renewals were granted with prudence and discrimination; whether the interest and penalty due to the bank had been fully recovered and whether the interest due to Government and to other creditors duly paid; arrears if any how explained and when expected to be paid.

overdue up to 1st September 1901 and remaining unrecovered. At date of inspection is Rs 30000/- as per Deputy Commissioner's docket no 121 dated 23rd July 1901; the amount of I. II and IV class loans likewise overdue and remaining unrecovered is Rs 8500 and 1575 respectively. Causes of unduly large arrears and large number of defaulters are, it is explained by members, chiefly to be attributed to unfavorable seasons, short crops of coffee and pepper and low prices in the market, in addition to death of arecanut palms.

The representation of the Bank members submitted to Government in May 1901 regarding their inability to repay the loans on the above grounds and praying for further

extension of 10 years in addition to 5 years, has not been accepted. Besides seeing notices on the default-ers, no adequate steps appear to have been taken for re-covery of arrears.

There are no instances of renewals recently granted

The interest and penalty due to the Bank amounting to Rs 54847-2-8 and 636-15-7 respectively have been fully recovered. The amount paid to Government as interest up to date of inspection is. 39087-3-11
as Reserve Fund —— 14445-4-5
for charges incurred for establishment &c —— 1829-1-11
add amount in cash on 31-12-01 122-8-.

Total 55484-2-3

The Bank members say that arrears of interest will be paid to Government immediately after their coffee is sold in a month or two

15. The surplus of interest and other items of income including arrears remaining unrecovered, amounts to

16. As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

98

to Rs 21,410—— up to the end of December 1901, of this, a sum of Rs 16627—1—11 has been realized; the amount that has been carried to the Reserve Fund in the District Treasury by resolution of the general assembly in Rs 11,410—4—5, a sum of Rs 2059—4—6 has been spent for the Bank's establishment, furniture and other charges such as contingency, office rent, & the sum of Rs 4,782—15—11 remaining yet to be recovered; and the cash which remained with the President was Rs 122—8—. up to 31st December 1901. Special charges which tended to reduce the surplus are, viz

(1) 59—9—6 paid to Govt on 12—1—01 on account of Kandazam due by member Ganesh Rao and

(2) 25—— paid to Ruppanna Setti for Raja Rai a member of the Bank for charges of picking coffee.

84—9—6 Total

The other assets with their value, which the Bank has are, viz

	Value
2, Seals (1 rubber and 1 brass)	11-8-.
25 Wooden chairs and 3 — do — tables	147-5-.
1 Blackwood box	9-—.
1 Tin box	2-4-.
1 Tin board affixed to the office building	1-10-.
1 Steel candle stand	1-10-.
1 Wooden inkstand with 2 bottles	2-4-.
1 Teakwood box	3-3-.
1 — do — almirah	20-—.
Total Rs	198-12-.

16. The Bank's minute book No I, shows that the rules for convening meetings of general assembly, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to The meetings that had been held regularly every half year, are noted below, viz

(1) on 20-5-97.
(2) " 27-2-98
(3) " 30-7-98
(4) " 1-2-99
(5) " 2-8-99
(6) " 13-2-1900
(7) " 11-8-1900
(8) " 10-2-01
(9) " 8-8-01 and
(10) " 9-2-02.

17. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present; note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the articles of association or other provisions of law

The

38

The number of extraordinary meetings that had been held since last inspection on 20th February 1900 by the Inspector of Agricultural Banks in Mysore, is given hereunder, viz:-

(1) on 9-3-1900
(2) " 25-4-1900
(3) " 14-5-1900
(4) " 14-7-1900
(5) " 11-8-1900
(6) " 26-8-1900
(7) " 12-9-1900
(8) " 7-11-1900
(9) " 30-11-1900
(10) " 14-4-1901
(11) " 30-4-1901
(12) " 13-10-1901
(13) " 6-11-1901

The Bank's notice book shows that notices have been duly given to members.

The members appear to have been generally taking interest in the Bank's affairs. There are no instances of any party feeling among the members. The file book maintained in the Bank shows that special resolutions have been duly confirmed and registered upto 6th November

1901 by the Registrar of Joint Stock Companies in Mysore. There are no instances in which any resolutions were found inconsistent with the Articles of Association or other provisions of law.

17. The following details will show how often the Board of Directors have met for transaction of business since formation of the Bank.

(1) on 5-6-97
(2) " 27-6-97
(3) " 30-6-97
(4) " 17-7-97
(5) " 28-7-97
(6) " 19-2-98
(7) " 4-4-98
(8) " 9-5-98
(9) " 15-5-98
(10) " 18-6-98
(11) " 21-6-98
(12) " 4-7-98
(13) " 9-7-98
(14) " 27-7-98
(15) " 31-7-98
(16) " 19-10-98
(17) " 5-11-98.
(18) " 23-12-98
(19) " 11-1-99
(20) " 20-1-99
(21) " 13-2-99
(22) " 1-3-99
(23) " 4-4-99
(24) " 20-4-99
(25) " 20-5-99
(26) " 6-10-99
(27) " 14-11-99
(28) " 24-1-1900
(29) " 1-6-1900
(30) " 25-1-1901

17. As regards Board of Directors, note whether and how often they meet for transaction of business; whether their resolutions are duly recorded in a book; if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

Registrar

10

Register no XVII of the Directors Proceedings shows that their resolutions are duly recorded therein. If they do not meet a notice will, it is said, be sent to them by the President mentioning the subject to be discussed and decided, and they (the directors) will return the same to the Bank duly recording their opinion therein, and such record of their proceedings is filed. As to whether any and which of them have been taking special interest in, and working with zeal for the progress of the institution, it is not possible to say

... As regards supervision, whether any and what arrangements the general assembly had made for control and audit, are they effective and satisfactory.

18. The minute Book no V shows that the General Assembly have made arrangements to selecting auditors and office bearers ge among the members every year, for control and audit, and that such arrangements is generally satisfactory.

19 The subjoined table will show how the Bank's registers and accounts are kept

20. As regards registers and accounts, see appended list, note therein which of them is kept and h

List of Registers & Accounts	State of Register or Account	Reference to paras in inspection report noting in the Register and accounts
I. Register of members	In stitched book, written up to date	6
II. " of applications for loan	In bound book — do —	12
III. Cash book	— do — — do —	11
IV. Ledger	— do — — do —	11
V. Minute book -	— do — — do —	16
VI. Register of balance sheets	In stitched book up to 31st December 1901	7
VII. Property Register -	In bound book up to date	
VIII. Register of monthly cash abstract -	In stitched book up to 31-1-02	11 & 13
IX. Register of bonds -	— do — — do —	
X. Receipts by Bank to members	Printed book — do —	11
XI. Depositors' Ledger -	In bound book up to date	
XII. Treasury pass book -	Printed book up to 31-1-02	
XIII. Chalan book -	— do — up to 27-12-01	11
XIV. Cheque book	— do — up to 7-1-02	
XV. Receipts by members to Bank	In bound book up to 31-1-02	
XVI. Register of Directors -	In stitched book up to date	17
XVII. Register of Directors' Proceedings	In bound book up to 25-1-01	
XVIII. Register of applications of loans	In the form of file up to end of 31-1-00	
XIX. " of Contingent expenses -	In stitched book up to 4-2-02	11
XX. " of disbursement of pay to Establishment	In bound book up — do —	
XXI. " of From letters	In stitched books up to 13-2-02 & 10-2-02	
XXII. " of To letters	In bound book no entry therein is made till now by any visitors	
XXIII. Visitors' book		
XXIV. File of rules and orders		

All the above registers and accounts are kept well and in order.

Note — The Bank office has been inspected by the Inspector of Agricultural Banks in Mysore as noted below: -

(1) Mr Chengiah Chetty on
  (1) 3-1-98 &
  (2) 15-8-98

(2) Mr Ramaswamiengar on
  (1) 2-4-99
  (2) 17-8-99 &
  (3) 20-2-01

20. The Bank cannot be said to be in a flourishing condition seeing that the members

21. General remarks regarding the state of the Bank.

47

members are unable to pay up the interest regularly; and I am afraid there is little chance of receiving any instalments when the time falls due. There is due at the present time to the depression in coffee, but there is no doubt that in each year the members could have shown much better results had they exerted themselves, as the excuse of bad seasons cannot be accepted, seeing that only the members' estates had them and not the neighbouring estates

H M Sparke
Deputy Commr
Kadur Distt

43

Section B(4)
File No 19/2 - 01
Serial No 2

Draft in pencil

Secretary Land Revenue

I have read the
letter received from Mr
Secretary to Govt
Revenue Dept
Bombay
Land Revenue
Dept
Bombay
Land Revenue
Dept
Bombay
Land Revenue

Yes I am dealing
one. Our ~~ship~~ publi
[illegible] Gov

44

Thanks very
[illegible] officially with
[illegible]

Yours truly
14
2/4/02

45

R4199

190 1/02.

FROM The Deputy Commissioner, Kadur District.

To The Secretary to the Govt of Mysore, General & Revenue Departments.

5-5

Dated 23rd April 1902.

Despatched

Received

General No. 757

No.

Enclosure No. 1

Section B 19

File No 12/01

Serial No 3

Recommending that the members of the Chikmagalur Agricultural Bank may be permitted to raise a loan for this year's working expenses on the security of crops of 1902-03.

B.H.

24.4.02

Submitted for orders

28/4/02

Orders

Vide order on a separate sheet

Please peruse and return

22/5/02

Submitted for orders

M

29/5/02

Recd. 2 Nov 2 & Send call with Office note on Inspection D.O. of 29.4.02

LXV

Deputy Commissioner's Office,
Kadur District,
Chikmagalur 23rd April 1902.

From

A. A. Sparkes Esquire,
Deputy Commissioner,
Kadur District.

To

H. V. Nanjundayya Esquire M.A., M.L.,
Secretary to the Government of Mysore,
General and Revenue Departments

Sir,

I have the honor to forward herewith in original for favor of Government orders letter No. 181 dated this day received from the President of the Chikmagalur Agricultural Bank, requesting ~~that~~ the Bank members may be permitted to raise a loan for this year's working expenses on the security of their crops of the year 1902-03

2. In Govt. order No. 9326-7 / R 7 117-95 dated 20th May 1901, the Bank members were allowed this concession last year. As the Bank members now require money to keep up their estates, their prayer may be sanctioned.

I have the honor to
Sir,
Your most obedient servant

A. A. Sparkes
Deputy Commissioner
Kadur District

ನಂಬರು.

ಯೂದಾಸ್ತು ಚಿಕ್ಕಮಗಳೂರು ಅಗ್ರಿಕಲ್‌ಚರಲ್ ಬ್ಯಾಂಕ್ ಆಫೀಸಿನಿಂದ

ಆಫೀಸಿಗೆ ಆಂಕಿ.

Chikmagalur
23.4.1902

To.

The Deputy Commissioner
Kadur District
Chikmagalur.

Sir

The usual arrangements for the working expenses of the estates mortgaged to the Bank have to be made. I have the honor to request that you will be pleased to get sanction from the Government allowing members of the Bank to raise funds against the crops of the year 1902-1903

I beg to enclose the resolution of the Bank dated 22nd March & 13th April 1902 to the above effect.

I have the honor to be
Sir
Your most obedient Servant

C. Chandra Rau
Pres. dent

The enquiries that could properly be made in obtaining the information required by the Bank & furnished by the Govt. will be carried out.

23/4/02

Draft(s) 23/4/02

AGRICULTURAL CO-OPERATIVE BANK LTD. CHIKMAGLUR

ಚಿಕ್ಕಮಗಳೂರು ಅಗ್ರಿಕಲ್ಚರಲ್ ಬ್ಯಾಂಕ್ (ಆರ್‌ಲಿಮಿಟೆಡ್.)

ನಂಬರು 7. ಎಕ್ಸ್‌ಟ್ರಾರ್ಡಿನೆರಿ ಜನರಲ್ ಮೀಟಿಂಗ್. ತಾ॥ 22—3—1902.

ಹಾಜರಿದ್ದ ಮೆಂಬರುಗಳು.

1. ಮು॥ ವೀರಠ್ಠೆಗೌಡರು (ಅಗ್ರಾಸನದಲ್ಲಿ)
2. ಮು॥ ಶ್ರೀನಿವಾಸರಾಯರು.
3. ಶಾಮರಾಯರು.
4. ಮು॥ ಪುಟ್ಟಪ್ಪಣ್ಣಶೆಟ್ಟರು.
5. ಮು॥ ಪುಟ್ಟಬಸವೆಗೌಡರು.
6. ಭೀಮರಾಯರು.
7. ರಂಗರಾಯರು.
8. ವೀರಣ್ಣಗೌಡರು.
9. ವಾಸುದೇವರಾಯರು.
10. ಚೆನ್ನಬಸಪ್ಪಶೆಟ್ಟರು.
11. ರಾಘವೇಂದ್ರಪ್ಪನವರು.
12. ಜಗನ್ನಾಥರಾಯರು.
13. ಅಬ್ದುಲ್‌ಖಾದ್ರಸಾಹೇಬರು.
14. ಶೇತಾರಾಮ್ಮೈಯ್ಯ.

ಈ ದಿನ ಮೀಟಿಂಗ್ ಶೇರಲು ತಾ॥ 15—3—1902 ರಲ್ಲಿ ಕೊಟ್ಟ ನೋಟೀಸ್ ಓದಲಾಯ್ತು. ಬ್ಯಾಂಕು ಮೆಂಬರುಗಳಿಗೆ 1902ನೇ ಏಪ್ರಿಲ್ ಲಾಗಾಯ್ತು 1903ನೇ ಇಸವಿ ಮಾರ್ಚಿ ಆಖೈರುವರಿಗೆ ಬೇಕಾಗುವ ಖರ್ಚಿನ ಹಣದ ತಪ್ಪೀಲು.

ಮು॥ ಸಿ. ವೀರಠ್ಠೆಗೌಡರಿಗೆ	6000.	ಮು॥ ಹನುಮಂತರಾಯರು	800
,, ಬಿ. ಗುಂಡಪ್ಪನವರಿಗೆ	2400.	,, ರಂಗಣ್ಣನವರು	600
,, ಜಿ. ಷೇಕಲ್ಲಿಸಾಹೇಬರು	10000.	,, ಶಾಮರಾಯರು	3600.
,, ಪಿ. ಜಗನ್ನಾಥರಾಯರು	800.	,, ವಾಸುದೇವರಾಯರು	8000.
,, ಅಬ್ದುಲ್‌ಖಾದರಸಾಹೇಬರು	2400.	,, ಶ್ರೀನಿವಾಸರಾಯರು	5000.
,, ಚನಬಸಪ್ಪಶೆಟ್ಟರು	600.	,, ರಾಘವೇಂದ್ರಪ್ಪನವರು	4500.
,, ವೀರಣ್ಣಗೌಡರು	900.	,, ರಾಜರಾಯರು	300.
,, ಪುಟ್ಟಪ್ಪಣ್ಣಶೆಟ್ಟರು	9000.	,, ಶಿವಾಜಿರಾವುಚಂದ್ರರಾವ್	250.
,, ಚಂಬೈಗೌಡರು	15000.	,, ಶೇತರಾಮ್ಮೈಯನವರು	150.
,, ಗಣೇಶರಾಯರು	1000.	,, ರಂಗರಾಯರು	1800.
	ಒಟ್ಟು ಜುಮ್ಲಾ		72300.

ರಸೂಮಿಗಳೆನ್ನ ಆಯಾ ಮೆಂಬರುಗಳು ಪ್ರತ್ಯಪ್ರತ್ಯೇಕವಾಗಿ 1902—1903ನೇ ಸಾಲಿನ ಕಾಳು ಫಸಲಿನ ಆಧಾರದಮೇಲೆ ಸಾಲ ತರಿಸಿಕೊಳ್ಳಲು ಗೌರ್ಮೆಂಟಿನವರ ಅಪ್ಪಣೆಯನ್ನ ತರಿಸಿಕೊಡಬೇಕಾಗಿ ಡೆಪ್ಯೂಟಿ ಕಮಿಷನರವರನ್ನ ಕೇಳಿಕೊಳ್ಳಬೇಕಾಗಿ ಮು॥ ಪುಟ್ಟಪ್ಪಣ್ಣಶೆಟ್ಟರು ಸೂಚಿಸಿದ್ದಕ್ಕೆ ಮು॥ ಬಿ. ಗುಂಡಪ್ಪನವರು ಅನುಮೋದಿಸಿದರು ಬಾಕಿ ಎಲ್ಲರೂ ಪಸ್ಸಿದರು.

(Sd) C. Veeratha Gowda
President.

ನಂ. 8. ಕ್ಷಫರ್ಕ್ ಮೀಟಿಂಗ್. 13—4—1902.

ಹಾಜರಿದ್ದ ಮೆಂಬರುಗಳು.

1. ಮು॥ ಬಿ. ಗುಂಡಪ್ಪನವರು.
2. ವೀರಠ್ಠೆಗೌಡರು (ಅಗ್ರಾಸನದಲ್ಲಿ)
3. ವಾಸುದೇವರಾಯರು.
4. ಶಾಮರಾಯರು.
5. ಭೀಮರಾಯರು.
6. ಅಬ್ದುಲ್‌ಖಾದರಸಾಹೇಬರು.
7. ರಾಘವೇಂದ್ರಪ್ಪನವರು.
8. ಶ್ರೀನಿವಾಸರಾಯರು.
9. ಪುಟ್ಟಬಸವೆಗೌಡರು.
10. ವೀರಣ್ಣಗೌಡರು.
11. ಹನುಮಂತರಾಯರು.
12. ಚಂಬೈಗೌಡರು.
13. ಪುಟ್ಟಪ್ಪಣ್ಣಶೆಟ್ಟರು.
14. ರಂಗರಾಯರು.

ಈ ದಿನ ಮೀಟಿಂಗ್ ಶೇರಲು ತಾ॥ 7—4—1902ರಲ್ಲಿ ಕೊಟ್ಟ ನೋಟೀಸು ಮತ್ತು ತಾ॥ 22—3—1902ರಲ್ಲಿ ನಡದ ಮೀಟಿಂಗ್ ಪ್ರೊಸೀಡಿಂಗ್ಸ್ ಸಭಾ ಓದಲಾಯ್ತು. ಅದನ್ನ ಕ್ಷಫರ್ಕ್ ಮಾಡಬಹುದೆಂತಾ ಮು॥ ಚಂಬೈಗೌಡರು ಸೂಚಿಸಿದ್ದಕ್ಕೆ ಮು॥ ವೀರಣ್ಣಗೌಡರು ಅನುಮೋದಿಸಿದರು ಬಾಕಿ ಎಲ್ಲರೂ ಪಸ್ಸಿದರು.

(Sd) C. Veeratha Gowda
President.

ಎಸ್. ಬಿ. ಯಾ. ಪ್ರೆಸ್ ಅರಳೇಪೇಟೆ—ಬೆಂಗಳೂರು ಶಿಟ್ಟಿ.

R 4529

190

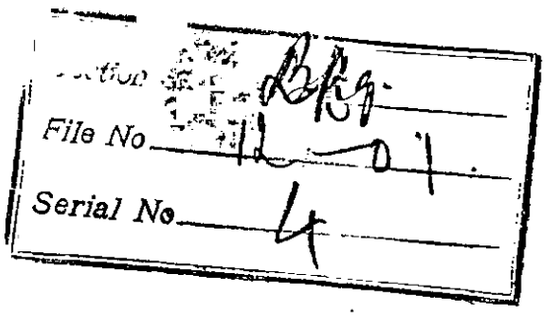
From

The Inspector of ~~Agric~~ Agricultural Banks in Bangalore

To

THE SECY. TO THE GOVT. OF MYSORE,
GEN. & REV. DEPTS.

50



Dated 29th April/02

Despatched

Received

General No. D.O. (Confd)
No.

Enclosure No.

Subg his remarks and opinion on certain observations and suggestions of the Kadur Dy Comr in his report on the Chickmagalur Agl Bank.

References to be marked.

D°. Conf^l.

Bangalore
April 29 1902.

Dear Sir,

As desired in your D°. the 2^d instant, I beg to submit herewith in the form of a Memorandum Conf^l my remarks and opinion on some observations & suggestions of the Deputy Commissioner, Kadur D^t., in his report on the Chikmagalur Agricultural Bank.

Yours very truly
C. Ramachandra Rao

C. Ramachandra Rao Esq^re
Huzur Head Sheristadar
&c &c

57

Memorandum -

re Nidamarket Agricultural Bank.

Annexure 2nd Memorandum -

Remarks submitted by the Inspector

I. On the condition of the Bank.

(1) As regards the actual state of the Bank beyond the name, no such institution exists as the members have ignored all condition and idea of banking and have merely treated the Bank as a means where they could obtain money from Govt at a nominal interest and rely upon the future leniency of Govt not to recall the amount.

(2) The bank is in a stagnant state unable to carry out its conditions

(3) Besides serving notices on the defaulters, no adequate steps appear to have been taken for recovery of arrears.

The conditions and ideas of banking cannot all be imported into an institution of this kind which had been established as and should be judged as, co-operative credit society. The Deputy Commissioner observes in another part of the report that the members "appear to have been generally taking interest in the Bank's affairs" and that the talk about members rendering gratuitous service appears to have been practised by the President joint Director and Auditor transacting the business of the Bank inspecting the Estates mortgaged to the Bank and auditing the Bank's accounts. There would appear to have been co-operative working to some extent, until misfortunes drove some over-cautious members to depart from the principles of co-operation.

The members never cherished the thought that the amount lent would not be recalled by Government. On the other hand they calculated upon being able to repay their loans in about five years under altered circumstances, when they seem to look for leniency only in regard to the time to be allowed for repayment.

The next step to be taken after serving notices was to remove defaulters and file suits against them. But the office-bearers and other principal members were all defaulters namely 21 members out of 24.

II. On the condition of Members' Estates -

The property hypothecated to Govt has deteriorated very largely and it is extremely doubtful whether, if it was sold now

The Deputy Commissioner has observed in another place that the reports of inspection made by members from time to time and

filed

now it would fetch a lakh of rupees or no buyers could be found. The fair by pattacated estates I have seen appear to me to have deteriorated very considerably since last I was in the District, and from general appearances I could not honestly say that the money borrowed from it has been expended upon the estates.

filed in the Bank show that the application and use made of loans by members has been generally watched by the Directors and members selected by the General Assembly. There have been no instances of non-application or misuse"

I remember the leading members asking me to expedite my visits to the estates in view to giving an impetus to those who lagged behind. I had been doing what was possible to give such impetus.

My impression is that in spite of the solicitude of the general body of members there were some instances of non-application or diversion of funds, but that on the whole with a few minor exceptions the estates were being carried for so long as the Bank was in a position to advance the requisite amount of funds.

As regards their present condition, it were to be wished that all the estates had been inspected - Shek Ali Sahib, Chandrasanda and Puttanna Shetty were men who would make every effort to maintain their estates in fairly good condition and had resources more elastic than those of others. On the other hand, Rajakhan Baneshan Row Jayannatha Rao Shenoi Narayana, Rajavendrappa and Gundappa were wanting in their efforts even when the bank was in a position to help them with funds. The others were solicitous about maintaining and improving their estates, but their resources were not equal to their needs.

III Causes of the above state of things.

This is due at the present time to the depression in coffee, but there is no doubt that in past years the members could have shown much better results had they exerted themselves as the excuse of bad seasons cannot be accepted seeing that only the members' estates had them and not the neighbouring estates.

The depression began in 1897-98, that is in the second year of the Bank's existence. From what I saw and heard in both the Districts, other estates besides those of members had bad seasons. What is meant is probably that while the owners of other estates did not cease to work them on the pretext of bad seasons the members of the bank neglected their estates and urged bad seasons as an

excuse

52

excuse for deterioration and non payment of interest and instalments.

The Bank's difficulties appear to have begun with the reluctance shown by Chandrasanda and Siddanna Shetty, to lodge in the Bank for the benefit of themselves and other members the whole of the sale proceeds of the produce of their estates. That was a blow to the spirit of mutual co-operation and help upon which the success of the institution depended. When the application of the Bank for an additional loan came to be investigated, some of the members were found borrowing to a heavier responsibilities than those already resting on them, and the Deputy Commissioner, on other grounds, urged that no further loan should be granted by Government. It is not clear if the boards which members hereafter endeavoured to raise individually on the hypothecation of standing crop were or were not sufficient to meet their requirements, and if they were, whether or not they were duly used for the upkeep of estates and repayment of interest.

IV. On the arrears of interest due to Govt

The Bank members promise to pay up arrears of interest to Govt immediately after their coffee is sold in a month or two.

The sales in the English market must have been effected by this time.

The arrears of interest due to Govt amounted to Rs. 4000 approximately. Subsequent to the date of the inspection and in the months of February and March 1902, the Bank paid Rs. 908-8-9 to the Treasury towards the interest due and it had still to pay about Rs. 3092.

Out of the three lakhs of Rupees placed at the disposal of the Bank, a sum of Rs. 17,517 (approximately) seems to have been at the credit of the Bank in the Treasury at the end of March, including what the Bank had sent on account of the Reserve Fund recently to Rs. 14,799-12-9. Supposing that this amount of the Reserve Fund was not capable of being operated upon by the Bank, there was still a sum of Rs. 2717 approximately which it could operate upon — Why should not the Govt pay itself the interest due to it from

from such balance in the Treasury at the credit of the Bank.

The Bank's returns for Feb.—— and March 1902 show that out of the receipts during those months it lodged Rs. 354-8-4 on account of Reserve Fund and Rs. 504 towards current account in the Treasury. The payment towards current account may be justified by the need that may arise to meet unexpected calls from depositors &c. The payment of odd sums, e.g. Rs. 48-6-4 in February 1902 and Rs. 306-2-6 in March 1902, on account of the Reserve Fund while large arrears of interest remained to be paid to Govt. requires investigation. Ordinarily, addition to the Reserve Fund could only be thought of after the interest and other charges payable by the Bank were fully defrayed.

V. On the repayment of Govt. Loan.

(1) The Agent and Members persistently evade submitting any kind of programme for future payment. It appears to be extremely unlikely that they will return any money to Government or make any effort unless forced to do so.'

(2) The wet lands mortgaged to the Bank should be sold.

On the occasion of my last inspection of the Bank in August 1899 the President and Mr. Srinivasa Rau stated as follows as regards repayment of the Govt. loan:—

'Seeing that bad seasons have affected the harvests of the Bank members, materially, the Bank will not be in a position to make any definite promise as to what regular payments it will make towards principal and from when. I will undertake to see that the estates are worked properly, that correct accounts of expenditure are kept and rendered, that estimates & crops are made in a business-like manner and checked from time to time, and that the whole of the crops and realisations therefrom are yearly placed at its disposal. With better seasons and better prices, funds will be available

for payment towards principal
After two years the bank will
endeavour to pay what per centage
the Government may be advised
to fix under all the circum-
stances of the case, towards
principal annually. The
Bank asks for two years time,
i.e. up to and inclusive of
1901 to recover from the effects of
successive bad seasons.

When the period of two years was about
to expire the Bank appears to have
applied for permission to postpone
the repayment of the loan for a further
period of five years. The Govt.
in their order No 9316-7—B 747 95
dated the 22nd May 1901, declined
to grant such permission and
directed that the repayment which
the Bank undertakes to make
in the annual instalments
should commence immediately
after the return of favorable
season, and should not be
deferred for any longer period
than may in the Deputy Commr's
opinion be absolutely necessary
After this the Bank need not have
been called upon to submit any
definite programme, and the
Directors & the Agent and members
submit any kind of programme
seems immaterial.

In another place in the report
it is stated that the members
are unable to pay up interest regularly
and the fear is expressed that there
is little chance of the instalments
being received when they fall due
The exact position is that not clear,
whether the members need favorable
seasons of late, but wilfully failed
to pay though they were in a position

to

55

to pay, or whether the return of favourable season, which by the order of Government has been made the condition precedent to the Bank being called upon to pay before the expiry of the five years asked for by it had not yet come and the inability to pay continued to exist.

I may here submit that the expression "return of favourable season" in the order of Government is likely to lead to difference of opinion when the character of any particular season has to be considered. If it is to be such a season as will bring in to the members enough to meet their respective private ~~expenses~~ requirements, the revenue demand, the interest due to the Bank, the working expenses, and the instalment of Rs. 30,000 payable to Govt. there are here two uncertain factors the private requirements & the working expenses. According to the latest calculation of the Bank the members require Rs. 72,300 for such expenses from April 1902 to end of March 1903; and taking that to be an approximate annual estimate of such expenses the members collectively will have to earn nearly a lakh and a quarter or more to enable them to pay the instalment. But if, as is apparently contemplated in the order the Registering Officer's opinion as to the character of any season is to be binding on the Bank there will be no difficulty in regard to executing the order of Govt.

* Kandayam Govt. Instl. Rs. 7000
Interest to Bank " - 16,000
Working Expenses " 72,000
Instalment to Govt - 30,000
125,000

If we are to judge from the marginally noted observations alone in the Report of Messrs to be the opinion of the Deputy Commissioner that the members had not had bad seasons or if they had that they had seen the "return of favourable season" but wilfully failed to pay the instalment due.

In suggesting the use of forcible measures and the sale of wet lands of members, the Deputy Commissioner seems to have been influenced not only by the above information as to the existence of bad seasons, which may or may not be acceptable, and also by the deterioration noticed by him in some of the villages, and by the unfavourable condition generally of the affairs of the Bank under Clause 7 of the Order of Govt No 912-5 dated 30 July 1898, a marked deterioration of estates affords ground for the immediate and persistent collection of Govt advance, and under section 35 of the Act of Incorporation the same course may be ordered on the ground that the affairs of the Bank are in an unsatisfactory condition.

The Government may take into consideration the question of recalling the loan if they are satisfied from the reports of the Deputy Commissioner that there had been no bad seasons or that there has been a return of favourable season unaccompanied by efforts on the part of members to repay the loan or that a marked deterioration has taken place in the circumstances of members, or that the affairs of the Bank are in an irremediably unfavourable condition

I have not been in touch with the Bank and its members, or with their estates since the last 2½ years, and have not had the privilege and benefit of perusing the reports submitted

x "Only the members' estates had them (bad seasons) and not the neighbouring estates."
"There is no doubt that in past years the members could have shown much better results had they exerted themselves"

by the deputy commissioner prior to the one in question. My impression is that several of the estates, if not all suffered, not long after the starting of the Bank, from the effects of unfavorable seasons in various degrees, the early rains on which the coffee crop turn is to a large extent dependent, ~~having often been very little~~ partial and local; and in several places sufficient or excessive and I am not able to say if there has or has not been a return of favorable season. I believe that somewhat higher prices have ruled this year than in last year. I had noticed deterioration in the small estates of Raja Rao, Ganesha Rao and Ranjanna and in the larger estates of Rajhavendrappa, Hadekkhadan Viratte Gowda and Gundappa, but it was then preparable by the usual Sakabaid work. It is possible there has been marked deterioration since in these and other estates, but the members were raising pretty large loans annually on the hypothecation of crop and if they had not been guilty of misapplication or non application a large portion of those loans must have been spent on the Sakabaid works. There can, however, be no question as to the general condition of the Bank's affairs being in an unsatisfactory condition it has not been able to collect and pay interest regularly: it has not prevented deterioration of estates: the spirit of mutual help has waned: the impression is steadily gaining ground since the last 2 or 3 years that matters are drifting from bad to worse.

If the Government decide now to withdraw the loan, there are two different ways of proceeding, viz. (1) the immediate and peremptory collection as an arrear of land revenue as indicated in sec. 74 of the articles of Association, and (2) allowing the Association to wind up

58

voluntarily under either arrangements as indicated in section 75 of the Estates & Trusts Act.

The first course was adopted in the case of the Hamyar Bank Ltd which collapsed & Bank, and the Deputy Commissioner has apparently recommended it for adoption in this case. He has suggested the sale of Members' wet lands in the first instance.

As regards this suggestion the following points are submitted for consideration:—

(1) the wet lands consist of 49 acres only, and if sold may not fetch more than about Rs 50000. If the ordinary objects lands are meant to be included in the expression "wet lands" they consist of 61 acres and may fetch about Rs 20,000,

(2) the sale of these lands about a fourth only of the amount due to Government can be realised and these is the risk of the members withdrawing from their work in the Estates and the Govt being forced to make their own arrangements for working the Estates,

(3) the wet lands are most essential to the Malnad Estates, particularly for the maintenance of the members and their servants and of their family practically,

(4) the proposed step will work unequally, to those who have other wet lands, e.g. Kaphavanda Appa Shetty, Shanna Rai Seminavara Rai Chandra Gauda and Viraraghavendra it will be rather hard while it will affect not at all or but slightly those who have no wet lands or value be to small areas of them entered in the Bandobast Register, e.g. Lingappa Shivalinga Ramanna Hedge Chandra Gauda, Subramanya Rao and Surayya Rao,

(5) the office estates, especially those in favourable situation may even now not be without appreciable value, because that members have been able to realise nearly Rs 30,000 every year during the last 2 or 3 years on the hypothecation of the coffee crop.

But the summary procedure step does not appear to me to be quite suited to the

59

the circumstances of the case ... may at once dislocate the organisation of the members and disturb their arrangements. The Members are now endeavouring to raise in the aggregate Rs. 72,000 in the hypothecation of crop, and are or may be supposed to be, in the interests of themselves and of the hypothecatees of crop, doing what is possible to ensure the crop and save the plantations. Supposing that as a result of the summary step ordered by Government the members become callous and through despair cease to work the Govt are left to find out the agency to work and provide funds for the working until the estates are, after due advertisement, sold and transferred to the purchasers. The Govt may provide funds and arrange for supervision, but would not, in my humble opinion, place itself in a position in which it may be compelled to take over the management of the estates, even temporarily.

It seems to me that the second course referred to is the proper one to take in this as in all ordinary cases. There has yet been no precedent for it but it is a course provided by the legislature. I am not able to think of any special difficulties arising from the adoption of this procedure except delay in the recovery. If such difficulties should at all arise they can be overcome, more easily than by ordinary creditors by the power of proceeding summarily which the Govt may reserve itself.

But I am of opinion that the time does not appear to be ripe yet for initiating even the second course. The order of Government directing recovery of the loan, which is the first step in this course as in the other, may in the absence of tactful and conciliatory explanation either before or at the time of communicating it, cause the apprehension, callousness, despair, dislocation, and strike referred to in connection with the

the summary measure - On the other hand if the situation were discussed beforehand in a quiet and tactful manner with the leading members of the Association they might themselves arrange for the initiative being taken by a Resolution of the General Assembly or be persuaded to co-operate in the execution of the Government order, and the discussion may even bring to light any reserve of vitality in the Association which if fostered may enable it to tide over present difficulties and continue to work

I learn that a native officer, who possesses the confidence and regard personally of most of the members, is shortly to be posted to Chittagong. Should this happen, the opportunity may be availed of for further local investigation and report. He may be asked to inspect each estate in the presence of its owner & note to what extent it has deteriorated and whether reparation is possible at a moderate outlay and within a reasonable time, discuss the position of the individual member and of the Association and any troubles he may think of and after fully informing himself with all important matters in their relation to individual members, to the Association and to the Government, invite the leading members to a formal discussion of the situation, and then formulate his proposals. These proposals come with the necessary explanation, after such previous preparation and discussion the Govt will be able to deal effectively with the several interests concerned

If these suggestions commend themselves to Government, I would solicit the requisite orders being conveyed confidentially. M. Ramachandra Aiyar

61

57

Section Banking
File No 10-01
Serial No 5

Subject:- Inspection of the Chinsurah Agricultural Bank

Reads:-

1) Karar by (name illegible) Inspection note dt 6.2.02 dt 21-2.02 bringing to notice several irregularities in the working of the Chinsurah Agricultural Bank and making certain recommendations

2) The Agricultural Bank Inspection Memo dated 29.4.02 offering certain observations on the subject

No 5313-15-29/5/Sn dt 17-9-15

Order Recorded

The reports on the whole unsatisfactory. Bad seasons seem partly accountable for this & govt are not therefore unwilling to continue to treat this bank with every possible consideration. Steps have to be taken

officials but get access
such a portion of
favourable seasons
as may contemplated
in Rules 93 & 94 & 117-95
of Zonal Bye-laws and as
may justify the
Bank locking-up
up in case the repay
ment of the advance
by instalments does
not immediately
commence one
year more may be
allowed to the Bank
within which to
make suitable
arrangements for
the payment of the
first instalment.
In case of default such
would be decided to the
necessity of adopting
coercive measures
for the recovery of the
money. It is hoped
that the members
will realise
the

69

the gravity of the situation and do their very best to save the institution from a collapse.

2. As regards interest however no scheme of any kind can be accepted. The whole of the arrears due on this account should be paid up in full before the 2nd of June 1902. The Registrar will impress upon the members of the Bank the fact that the whole of the advance being recalled at once in case they fail to meet this very reasonable demand. A report of the claims taken and of the results thereof should be submitted on the first Tuesday in July next. Any revenue or other fund

of the credit of the Bank in the Treasury shall be appropriated towards the Interest due.

64

Bennit

24/5/02

Sir Lewis

to be drawn against in accordance with Act when Estimates for present year passed

Lo Hon the Premier Kindly
a cheque for £ to Bank.
(unfinished letter)

In. 5 copies sent
Copied 24/5/02.

READ:—

Kadur Deputy Commissioner's Inspection Note No. 602, dated 21st February 1902, bringing to notice several irregularities in the working of the Chikmagalur Agricultural Bank and making certain recommendations.

2. The Agricultural Bank Inspector's Memo dated, 29th April 1902, offering certain observations on the subject.

No. R. 5313-5—R. F. 117-95, DATED BANGALORE, 24TH MAY 1902.

ORDER THEREON.—The report is on the whole unsatisfactory. Bad seasons seem partly accountable for this, and Government are not therefore unwilling to continue to treat this Bank with every possible consideration. There has, in their opinion, not yet been such a return of favourable seasons as was contemplated in Proceedings No. 9376-7—R. F. 117-95, dated 20th May 1901, and as would justify the Bank being sold up in case the repayment of the advance by instalments does not immediately commence. One year more may be allowed to the Bank within which to make suitable arrangements for the payment of the first instalment. In case of default, Government would be driven to the necessity of adopting coercive measures for the recovery of their money. It is hoped that the members will realise the gravity of the situation and do their very best to save the institution from a collapse.

2. As regards interest, however, no excuse of any kind can be accepted. The whole of the arrears due on this account should be paid up in full before the end of June 1902. The Deputy Commissioner will impress upon the members of the Bank the risk they run, the whole of the advance being recalled at once in case they fail to meet this very reasonable demand. A report of action taken and of the result thereof should be submitted in the first week of July next. Any reserve or other fund at the credit of the Bank in the Treasury should be appropriated towards the interest due.

H. V. NANJUNDAYYA,
Secy. to Govt., Gen. & Rev. Depts.

To—The Deputy, Commissioner, Kadur District.
The Inspector of Agricultural Banks in Mysore.
The Comptroller to the Government of Mysore.

Exd—C.V.

1901-1902-

GOVERNMENT OF MYSORE

REVENUE

PROCEEDINGS

Dated 24th May 1902

No. R. 5313-5
R F 117-05

Passing orders on the several irregularities brought to notice in the working of the Chikmagalur Agricultural Bank.

SBP—31-5-1902—

67

58

Section
File No
Serial No

Read

Letter No 757 of 23-4-02 from the Collector Kurnool submitting for the orders of Govt. letter No 181 D of 23-4-02 received from the President of the Chintalungalur Agl. Bank requesting that the Bank may be permitted to issue a loan for the year working expenses from the proceeds of the crop of the year 1902-3.

Order

What was intended to be a concession for one year was in effect a regulation extended to a second year. At the present time the question is not whether the Bank is entitled to a third year but whether it has been entitled to the grounds on which it has been granted. The question is not whether the crop of the year 1901-1902 was so poor as to enable the cultivators

Vo R 5317-19 & 24/5/20
& 2117-95
24

of the Bank to
have enough to pay
~~the Bank~~
~~and~~ the ordinary working
expenses of the
Year 1902/03 - This information
is further set forth
~~in~~ "A" & "B"
how much was
borrowed in the
last two Years &
whether the same
has been fully repaid
or not - The Bylaw
will be read enough
& call upon the
Bank to furnish him with
the necessary particulars
as the Loan Bank
~~has~~ required after
~~has~~ ~~has~~ ~~has~~ ~~has~~ ~~has~~ ~~has~~
that they are correct
that the money has
~~been~~ used for the purpose
been fully stated for
the purpose intended
and that the Loans
have not been used
for any purpose
~~and~~ not stated in the
Bylaw & for the
working expenses
of 1902/03, the man

~~~~ the members
are not to vote
~~~~ both the other
~~~~
~~~~

69

~~draft~~ last & final concession not to be again repeated

Arrears loans henceforth raised on the security of the crops on the same terms & conditions as those laid down in connection with the loan of 1901/2

The grant of this year - viz from 1st Oct. to 31st March - will be continuous & not subject to any application for payment in full of the whole of the interest due by the Bank till the end of March last

2. As regards the future action taken with reference to the foregoing orders should be decided for the suspension of Govt.

23/5/02

H Lees

To the Hon'ble Mr Carnduff
Secretary to Govt of Bombay
Revenue Department

22/5/02

To be issued
first & then
for print

Secretariat
Notified

READ—

Letter No. 757, dated 23rd April 1902, from the Deputy Commissioner, Kadur District submitting for the orders of Government letter No. 181, dated 23rd April 1902, received from the President of the Chikmagalur Agricultural Bank, requesting that the Bank members may be permitted to raise a loan for this year's working expenses on the security of their crops of the year 1902-03.

No. R. 5317-9—K. F. 117-95, DATED BANGALORE, 24TH MAY 1902.

ORDER THEREON.—What was intended to be a concession for one year was on a special representation extended to a second year, and the present is an application for its further extension to a third year. The application is silent as to the grounds on which it has been made. The question is whether the crop of the year 1901-02 was so poor as not to enable the members of the Bank to save enough to pay the ordinary working expenses of the year 1902-03. There is further no information forthcoming as to how much was borrowed in the past two years, and whether the same has been fully repaid or not. The Deputy Commissioner will be good enough to call upon the Bank to furnish him with the necessary particulars on the above points and if satisfied after careful enquiry that they are correct, that the monies borrowed have all been fully applied for the purpose intended and that the loans now proposed to be raised are required and will be wholly applied for the working expenses of 1902-03, which the members are not in a position to meet otherwise, he may as a last and final concession not to be again repeated, permit loans being raised on the security of the crop on the same terms and conditions as those laid down in connection with the loans of 1901-02. The grant of this permission is of course contingent upon, and can only follow, the payment in full of the whole of the interest due by the Bank till the end of December last.

2. A report as to the action taken with reference to the foregoing orders should be submitted for the information of Government.

H. V. NANJUNDAYYA,
Secy. to Govt., Gen. & Rev. Depts.

To—The Deputy Commissioner, Kadur District.
The Inspector of Agricultural Banks in Mysore.
The Comptroller to the Government of Mysore.

Exd—J.T.R.

1901-1902

GOVERNMENT OF MYSORE

REVENUE

PROCEEDINGS

ated 24th May 1902

No. R. 5317-9
R. F 117-95

Passing orders on the question of granting the Agricultural Bank at Chikmagalur permission for the third time to raise a loan for the year's working expenses on the security of their crops of 1902-03

SBP—2-6-02—200